



Control Number: 51812



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March 5, 2021

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2021 MAR -5 PM 4:27
PUBLIC UTILITY COMMISSION
FILING CLERK

Public Utility Commission of Texas
1701 N. Congress Avenue
Austin, TX 78701

Re: PUCT Dockets 51617 and 51812

Letter Requesting Tax Relief for February Electricity Invoices for Consumers Exposed to Day-Ahead and Real-Time Energy Prices and Day-Ahead Ancillary Service Prices

Dear Commissioners,

Energy Edge Consulting, LLC is an advisory firm that provides services to commercial, industrial, and institutional end-use consumers of electricity and natural gas. In the aftermath of Winter Storm Uri, we have been working with Texas businesses that had exposure to either real-time energy prices and the High System-Wide Offer Cap ("HCAP") or Day-Ahead Ancillary Service ("A/S") prices through their retail electricity contracts. Specifically, we have been helping these organizations estimate their February invoices in advance of receiving them from their Retail Electric Supplier ("REP").

Through this process, it has come to our attention that the method in which state sales tax, gross receipts tax ("GRT") and the Public Utility Commission Assessment fee ("PUCA") are applied to a consumer's electricity invoice will meaningfully increase the amount of money owed by the consumer for the month February. Each of the above taxes are applied as a percent against the total cost of the electricity and most of the cost of transmission and distribution charges ("T&D") invoiced to the customer by their REP. Thus, the larger the invoice for electricity, the more taxes incurred by the consumer. Below are the rates for each tax that are applied against a customer's invoice for electricity.

- State sales tax: 6.25%
- GRT: 1.997% (for customers inside the city limits of a city with a population over 10,000)
- PUCA: 0.1667%

Below are examples of how the spend on the above taxes are affected for 2 hypothetical customers based on exposure to market-based prices for electricity and ancillary services. In one example, the customer has 75% of these costs fixed and 25% of these costs exposed to market-based prices, in the other example the customer has 100% of these costs exposed to market-based prices. **It is important to note that the values in the table below are \$/MWh prices, not total costs. These \$/MWh prices would be applied against a customer's metered usage in order to calculate a customer's invoice.**

Cost Component	January 2021 Spend Example	February 2021 Spend Example			
	100% Exposure to Market Based Prices (\$/MWh)	25% Exposure to Market Based Prices; 75% Fixed Price (\$/MWh)	% Change from January	100% Exposure to Market Based Prices (\$/MWh)	% Change from January
Electricity	\$21	\$430	2046%	\$1,605	7643%
Ancillary Services	\$2	\$89	4431%	\$350	17500%
Other Retail	\$3	\$3	0%	\$3	0%
TDSP Charges	\$20	\$25	0%	\$25	0%
Sales Tax	\$3	\$34	1188%	\$124	4311%
Gross Receipts Tax	\$1	\$11	1188%	\$40	4311%
PUC Assessment	\$0.077	\$0.91	1188%	\$3	4311%

* January electricity price is the average RTSP price in January 2021 for the Houston Load Zone

** Costs are representative for an average commercial and industrial consumer

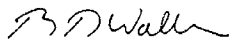
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As the above examples illustrate, customers with exposure to the HCAP and Day-Ahead A/S prices during the week of February 15 – February 19 will see a meaningful increase in the cost of taxes on their February invoices, in some cases exceeding the amount of their total invoice for energy in January 2021.

We are requesting the PUC work with the appropriate state entities and implement a cap on the amount of state sales tax, GRT and PUCA that can be assessed to customers who were exposed to market-based prices for the month of February 2021. Our recommendation is the cap be set to reflect the amount of taxes a customer would have paid based on the average cost of the real-time market and Day-Ahead A/S for the month of January 2021 or implement another solution that yields a similar result.

We thank you for this consideration and welcome any questions the Commission might have regarding the above information.

Sincerely,

A handwritten signature in black ink, appearing to read "B Walker", with a stylized flourish at the end.

Brian Walker
Principal
Energy Edge Consulting, LLC